

EGPR STAKEHOLDERS ADVISORY GROUP MEETING

December 12, 2002

1:00 – 3:00 p.m.

CalEPA Building, Sacramento

Welcome and Introductory Remarks

Tal Finney, Director, Governor's Office of Planning and Research

- Thanks to everyone for coming and thanks to all of the organizations on the advisory group for agreeing to work with OPR in the preparation of the EGPR. We will not be able to do this work without your help.
- OPR's deadline to send the EGPR to the Governor is December, 2003.
- This could not be a better time for writing the EGPR given the current budget, and we need to really come together in deciding appropriate policies.
- The Department of Finance is going to be watching the development of the EGPR closely.
- The EGPR will have to address the three E's of environment, equity, and the economy.

EGPR Overview

Terry Roberts, State Clearinghouse Director, Governor's Office of Planning and Research

- The EGPR will look 20 to 30 years into the future, so please think about how you would like to see the long-term future of California take shape.
- The EGPR is the Governor's report on how to handle growth, development, and conservation in the long term, and we want it to be an action plan. In fact, the law requires that we report yearly on its implementation.
- AB 857 established three new planning priorities that must be considered in writing the EGPR and in all other state functional plans. These priorities are to support infill development, conserve agricultural land and open space, and encourage efficient land use patterns such as development contiguous to existing developed areas where services are available.
- The EGPR is intended to form a functional plan for state government but not for local governments, and it aims to harmonize state actions internally. AB 857 does not require local governments to abide by the three planning priorities, but state actions do influence local actions.
- The EGPR is intended to bring consistency to state government in its planning and budgeting.

Comments/Questions

- There was a brief discussion about AB 857 and its impact on the State Transportation Improvement Program (STIP) and public school funding. It was noted that although these two funding streams are not explicitly excluded from the bill, if you look at the legislative history, they were initially included but removed during the amendment process.
- Terry clarified that equity is explicitly mentioned in AB 857.

Visioning Exercise

Advisory Group members were seated in small groups of 4-5 to brainstorm answers to two questions:

1. What is the greatest threat or the most troublesome trend facing California over the next 20-30 years? What can the State do to lessen or eliminate the threat or reverse the trend?
2. What is the most important opportunity California must grasp now or lose within the next 10 years? What can the State do to seize that opportunity?

Groups were not asked to reach a consensus, but rather were asked to put anything and everything on the table. After an hour of discussion, each table was asked to briefly report back on some of the points discussed within their small group (see below). The presentations during the report-back period did not necessarily reflect the issues that participants felt were the most important points or the topics that were the source of the greatest discussion. [Complete notes from each group are provided at the end of this document.]

BROWN TABLE

| | |
|------------------------------------|--|
| Current threats facing California: | <ul style="list-style-type: none">• Over-allocation of water resources in real terms• Misuse of critical resources (air, water, and lands)• Investments in sprawl |
| Actions the State can take: | <ul style="list-style-type: none">• Retool the Williamson Act for conservation of open space |
| Opportunities to seize: | <ul style="list-style-type: none">• Map critical resources, take decisive action to protect them• Increase meaningful participation of residents in land use• Reform housing allocation process from the bottom up• Integrate transportation, land use, housing, and jobs |

YELLOW TABLE

| | |
|------------------------------------|---|
| Current threats facing California: | <ul style="list-style-type: none">• A growing economic divide between Californians• Sprawl and low-density development draining resources of all kinds from local governments and the State |
| Actions the State can take: | <ul style="list-style-type: none">• An urban investment strategy for equitable development• Prioritization for assigning resources towards more mixed-use applications• Fiscal reorganization |
| Opportunities to seize: | <ul style="list-style-type: none">• Align fiscal reform to push for smart redesigns and sustainable growth• Model sustainable development and growth for the entire nation• Reallocate funds for smart growth while honoring local control• Make better use of Federal Farm Bill dollars |

RED TABLE

| | |
|------------------------------------|---|
| Current threats facing California: | <ul style="list-style-type: none"> • Lack of agreement between agencies on their priorities • Conflicts between agencies • Unstable tax and fiscal structure between the State and locals • Unreliability of State policy from year to year |
| Actions the State can take: | <ul style="list-style-type: none"> • Major infrastructure investments (housing, transportation, desalinization) • Prevention of habitat loss |
| Opportunities to seize: | <ul style="list-style-type: none"> • N/A |

BLUE TABLE

| | |
|------------------------------------|---|
| Current threats facing California: | <ul style="list-style-type: none"> • Reductions in the standard of living • Increased social isolation • The inability of locals to control their own destiny |
| Actions the State can take: | <ul style="list-style-type: none"> • Protect all lands on the basis of sound management rather than preservation • Push for mixed-income housing |
| Opportunities to seize: | <ul style="list-style-type: none"> • Encourage regional and local decision-making • Integrate new populations into communities • Provide leadership in new areas |

GREEN TABLE

| | |
|------------------------------------|--|
| Current threats facing California: | <ul style="list-style-type: none"> • Unstable public financing • Degradation of infrastructure • Imbalance between the rich and poor • Uncontrolled growth in inland areas affects coastal areas |
| Actions the State can take: | <ul style="list-style-type: none"> • Reduce the threshold for local sales taxes and GO bonds • Revisit Proposition 13¹ • Explore revenue sharing • Coordinate for improved school siting to avoid the disconnect with the community • Incentivize regional partnerships • Add flexibility in reporting and financing for local governments; provide either funds or tools (GIS) |
| Opportunities to seize: | <ul style="list-style-type: none"> • Educate the citizenry for participation • Provide workforce development • Reform traditional government structures • Act in front of growth rather than respond, with long-term planning of infrastructure |

- ¹ Proposition 13, passed by California voters in 1978, capped property tax rates at one percent, capped annual increases in property tax bills at two percent, and allowed for reassessment only when property changes ownership. Proposition 13 also required state tax increases to receive the approval of two-thirds of the legislature and imposed restrictions on the taxing authority of local governments.

ORANGE TABLE

| | |
|------------------------------------|---|
| Current threats facing California: | <ul style="list-style-type: none">• Inequitable distribution of services and facilities• Inequitable distribution of private and public investment |
| Actions the State can take: | <ul style="list-style-type: none">• Seek the development of competitive regional economies• Improve infrastructure• Promote smart growth• More workforce development |
| Opportunities to seize: | <ul style="list-style-type: none">• Demographic changes are an opportunity to diversify leadership• Rethink Prop 13 in budget crisis |

PURPLE TABLE

| | |
|------------------------------------|--|
| Current threats facing California: | <ul style="list-style-type: none">• Failure to invest in sustainable growth through infrastructure, parks, housing, and schools• Inequity in environmental burdens• Lack of full participation in political life• Inequitable state service benefits and distribution |
| Actions the State can take: | <ul style="list-style-type: none">• Repeal Prop 13. People are willing to tax themselves as seen in recent bond measures, and California is ranked 38th in the nation in tax burden• Ensure housing money goes to cities |
| Opportunities to seize: | <ul style="list-style-type: none">• Provide GIS tools everywhere to share the ability to make decisions |

Closing Remarks

Tal Finney:

- Thank you for participating.
- In response to the comments regarding fiscalization, the Governor has commented that he is tired of the peaks and valleys in California's fiscal health. He has been in government long enough to see many swings in state revenues and wants to see a stable revenue structure.

Terry Roberts:

- Some common threads among all tables included concerns about equity, the need to address the racial and social disparities resulting from land use patterns, and the need to address the underlying fiscal reasons behind land use patterns.
- Our next meeting will take place in February. (Note: The meeting is set for February 19, 1 p.m. to 4 p.m. in Sacramento)
- Please help us expand our bibliography if you have suggestions for additional documentation that we should review and consider.
- OPR does not have the budget to conduct significant public workshops or hearings, but we would like to piggyback on ongoing events, so please let us know where those opportunities are to participate, make presentations, and offer discussions on the EGPR. We already attend many annual conferences (such as the League of California Cities and CSAC) but are anxious to make use of other venues.

Advisory Group Members:

- It will be important in the development of the EGPR to recognize the strong relationship between transportation and land use. The two are intertwined and need to be planned jointly. Transportation dollars can be leveraged to influence land use patterns.
- OPR should look for reports or documents showing the link between energy and land use decisions. Energy needs to be included in the EGPR.
- EPIC (a project of the California Environmental Protection Agency) and Legacy (a project of the California Resources Agency) provide information that we all need to establish priorities at the local and regional level. These tools should be expanded statewide. They provide a basic resource for information and needs assessments, in GIS formats, and can serve as a single source of information.

Suggested Action Items for OPR

1. Prepare a brief description of various State programs/efforts referenced in the meeting (Legacy, EPIC, GIS Coordinating Council, etc.) to be disseminated to the advisory group members, or have representatives from these efforts give a brief presentation at the next meeting. (Note: OPR staff will prepare a reference document to be disseminated in late January. If there are programs or terms that you would like to see included, please let us know.)
2. Take more time at the next meeting for introductions so everyone can learn about the various organizations that are represented.
3. Distribute a master schedule of meetings so that advisory group members can block out time on their calendars. (Note: A master schedule will be distributed in early January)

Notes from Small Groups

For reference, the following are verbatim transcriptions of the complete notes of the small group discussions from each table.

BROWN TABLE

Greatest threat/trend

- Overallocation of water resources—paper water rather than firm
- Misuse of critical resources—air, water, lands
- Habitat destruction, lack of policy
- Incongruous state directives—for example, housing allocation vs. coastal protection
- Lack of housing
- Jobs/housing imbalance
- Grants are sought and conditions are too restrictive
- Too little funding available for planning and implementation
- Investing in sprawl
- Overpopulation
- NAFTA and the service agreements
- Movement away from urban centers

Opportunities

- Housing projections should be constrained by physical reality
- Integrate transportation planning with population planning
- Incentivize high density living accommodations
- Map all state's critical resources
- Focus growth to areas that are neither fragile nor dangerous (Legacy Project)
- Remove roadblocks to infill, remove contradictory regulations—possible direct funding
- Infill development in existing areas near jobs should get priority for state funding
- Criteria for state funding for housing/roads/infrastructure should support the goals of the EGPR
- Retool programs like Williamson Act to provide additional incentives/programs for preserving open space
- Consider additional deed restriction tax benefits for conservation purposes

Most Important Opportunity Now

- Map critical resources
- Take decisive actions to protect critical resources
- Multi-species habitat plans should be implemented
- Recognize similarities in HCPs/NNCPs
- Live within our means (resources)
- Adopt a state land use policy that is resource-based
- Increase meaningful resident participation in land use planning
- Campaign finance reform
- Land Use Appeals Board at state level for decisions that affect a ... (Note: group was continuing to discuss this idea when time was called)
- Create more protection for statewide resources through establishment of additional boards such as Coastal Commission and Tahoe Regional Planning Agency
- Reform the housing allocation process from the bottom up
- Integrate transportation/land use/housing/jobs

BLUE TABLE

Threats

- Reduction in standard of living due to housing/land costs
- Increased racial/social isolation
- Inability of public sector to maintain viable public institutions
- Gap between wages and cost of living
- Increasing inability of owners of resource lands to control own destiny/competition for limited land, e.g., habitat vs. resource use. Cumbersome regulatory controls and lack of local control
- Rapid population growth with limited resources (e.g., land and water) affects quality of life
- Economic development and job creation in rural areas
- Promotion of self-help housing techniques
- Encourage more clustered rural housing development

State Actions to Reduce Threats

- Protect land—rural, suburban, urban—safe parks and recreational opportunities—revitalize developed areas
- State should not be able to change local land use designations. Limit litigation.
- Develop infrastructure—state financing.
- State resource protection needs to be dynamic and consider needs of resource landowners.
- State funding for affordable housing and support for mixed-income housing development and land use.

Opportunities

- Regional and local decision-making and rational development—equity and access to services
- Integration of new immigrants and new populations into economic progress. Rural and urban areas.
- Jobs/housing balance—Aggressively link housing opportunities to jobs and services.
- Aggressively house farm workers who are the backbone of the agricultural economy (\$200 million for this in Prop. 46)
- Water development—opportunity to create more water capacity—desalinization
- Leadership deficit from man in corner office/opportunity to fill vacuum

ORANGE TABLE

Threats/Challenges

- How to accommodate population growth and maintain livable communities (3 E's)
- Ill-disciplined growth
- Population growth
- “Livable Communities”
 - What does it look like?
 - What is the model?
- Equity
 - Public Services
 - Facilities
 - Access to jobs
 - Financial access
- Jobs/housing imbalance
- Failing infrastructure
- Challenges to environment quality
 - Decline
 - Global and local
- Non-competitiveness of regional economies in global marketplace
- Lagging public sector structure, governance, and public engagement

State Response

- Increase investment in public and social infrastructure in existing communities
 - Public and private
- Restructure revenues and policy to accommodate growth and maintain livable communities
 - State-local fiscal relationship

- Align with and work with regional structures
- Regional Cohesiveness

State ↓

Region

↑ Locals

Opportunities

- Budget Crisis
 - Reevaluate and realign fiscal structure
 - Seek revenue stability
- Diversity → New political paradigm
 - Strive for participatory democracy
 - Not tweaking old system
- Align infrastructure planning and investment to these goals
 - Goal-based planning and investment
 - Transportation, water, education, open space, housing, public facilities
- Human resources
 - Equitable distribution of human capital

RED TABLE

Threats/Challenges

- Terrorism and cost of dealing with it
- Imperial decision on H₂O and quality and quantity issues—water as it relates to land use
- No ground H₂O mapping
- No agreement on water transfers
- Bigger picture of water issue
- Need balance of people, agriculture, and wildlife
- No coordinated resource management
- Lack of affordable housing
 - Sprawl
 - Population—trends of movement to Valley—different from 10 years ago
- No economic strategy
 - Growing low-skilled population with low-skilled jobs going overseas
 - Wider gap between rich and poor
 - Distressed areas do not change—Central Valley and Imperial Valley—stay low end
 - Targets of distress that remain in spite of efforts (if unemployment is measured)
- Fiscal structure
 - No local \$ for infrastructure
 - Unintended consequences of Prop. 13
 - Local government finance
 - Lack of political motivation to solve it
 - Lack of support for government
- Agricultural thinks that it is looked to cure problems elsewhere—such as fallowing for environment purposes—water transfers—don't necessarily bring local benefit
- Declining quality of life—long commutes, less open space, no housing
 - Lack of choices—choices don't exist, i.e. housing near transit

- Failure of public transportation—roads and transit
 - Massive congestion
 - Cities designed for cars—but too many now
 - Auto-oriented planning
 - Transit does not work in most places
 - Central Valley developing massively without a road system
 - Public airports inadequate capacity
- NIMBYs
 - Airport expansion
 - LULUs (locally undesirable land uses), i.e. low-income housing
 - Prisons, group homes, drug treatment centers
- Resources
 - Conflict between urban development, endangered species, and open space
 - Loss of biodiversity
- Conflict between state agencies
 - HCD v. Resources
- State has no priorities
- State has no overall vision for growth

How Can the Trends Be Reversed?

- Policymakers with a will
- Eliminate re-elections
- Fix term limits
- Look beyond city borders and project by project
- Regional cooperative effort
- State agencies should be more integrated
- Fiscal incentives for state agencies need to be more integrated
- State should develop priorities
- State should develop overall vision for growth

Most Important Opportunities

- Diversity of population brings new ideas, new cultures, new ways of doing things
- We haven't used up all land—still have opportunities
 - To save endangered species
 - To save freeway rights of way
 - Can increase densities to save land
 - Patterns of growth in environment differ
 - Rapid transit—bullet trains—may be an opportunity
 - Still have lots of natural diversity
- Electric cars are an opportunity
- Infill happening in Sacramento townhouses—luxury condos—conversion of retail/industrial
- Congestion may drive people to infill
- High housing costs may drive infill
- Looming water crisis may lead to conservation
 - May lead to inventory
 - Salt water—desalinization
- Voters keep supporting bond measures in bad economy—people willing to tax selves

- Opportunity for public education on budget priorities
- Air pollution—if cars are biggest polluters, what are new technologies?
- Our economy is made up of all the fastest growing sectors, and is supported by the best university systems in the world
 - Technology
 - Electronics
 - Entertainment
 - Agriculture
- Still have an opportunity to balance jobs and housing
- Can still assess our financial system
- Budget crisis is a good time to prioritize
- Can still preserve parts of our cultural and historic character

What Can the State Do?

- Set priorities (EGPR)
- Funnel money to those priorities
- Reconstitute the tax system
- Implement some great ideas
 - Fred Silva and local finance
- Initiatives are a way to get around stalemate in the Legislature
 - Benefits and liabilities
- Coordinate state policies (AB 857 dispute resolution process)

Greatest Opportunities/Thoughts/Trends

- Lack of agreement on state priorities
- Conflicting state priorities within agencies
- Tax and fiscal relationship between state and local government needs overhaul
- State tax system needs to be less vulnerable
- Local tax system needs to be stable and predictable
- All of the state's horrors provide opportunities
 - a) Congestion
 - Causes people to want to get out of cars
 - Causes people to want to live closer to work
 - b) Housing
 - Higher density
 - c) Water Shortages
 - Look into alternatives
 - Look for other options
 - d) Habitat loss

GREEN TABLE

Greatest Threats and Possible State Actions

- Lack of stable public finance (i.e. deterioration of infrastructure investment) hinders maintenance, planning, implementation.
 - Explore revenue sharing
 - Reduce voting threshold for local sales tax and general obligation bonds
 - Revisit Prop. 13

- Population growth
- Gap between rich and poor
- Jobs, housing, transportation, and education need coordination to relieve pressure on the resources available.
 - Coordinated siting of schools patterns
 - Incentives for better growth
 - Recognition of regional solutions
- Address impacts from growth on coastal resources (beach erosion, stormwater runoff)
 - Complete coastal sediment master plan
- State commitment to implementation to EGPR (i.e. flexibility for financing, mandates)

Most Important Opportunities for the State

- Educated citizenry, building new political leadership (including workforce development)
- Seize the opportunity of the current crisis to look critically at reform, reorganization
- Planning to be in front of the growth (long-term planning!)
 - Housing, transportation
- Preservation of critical habitats and resources
- Capture revenue enhancements or opportunities
- Election reform (i.e. term limits, lack of experience leaders)
 - Quality and continuity is lost to the election process

PURPLE TABLE

Opportunities

- Technological advances to design your community that affect brick and mortar.
- Think of way to influence growth patterns
- Balance transportation investments
- Build on public's support of recent bond measures (40, 46, 47)
- People are willing to tax themselves—what motivates them?
- Re-evaluate state-local relationship (programmatic; revenue sources to implement program)
- Lowering voter threshold for local sales taxes for infrastructure and transportation
- Repeal Prop. 13
- Reduce sales tax to 6% but put towards services
- Coordinate farmer networks to market farm goods
- Improve transportation models by incorporation new research on land use impacts on travel
- Use GIS as community-engagement tool

Greatest Threats

- Sprawling growth
- Auto-dependent development
- Rapidly increasing vehicle-miles travels
 - Air pollution
 - GHG
 - Obesity
 - Travel congestion
 - Pedestrian fatality

- ↑ infrastructure costs
- Habitat loss
- Quality-of-life
- Failure of CA to invest in economic engine to sustain growth and quality of life (3-4 E's)
 - Infrastructure
 - Parks
 - Local amenities
 - Schools
 - Commerce
 - Water
 - Energy
- Lack of infrastructure investment
- Equal justice for all
 - Relating to environment concerns
- Distribution of environmental benefits equally
- Distribution of environmental burdens fairly
- Need for information to understand impacts of policies on communities
- Need for engagement in full and fair public participation in processes
- Distribution of economic benefits/burdens
- Ability to be on "equal playing field" economically, educationally, etc.
- Tipping point of 3ES
- Troublesome: ability to own home (haves and have-nots)
- Increased segregation of where people live by income and race
- Political decisions made locally that affect people (NIMBY)
- Fiscalization of land use—housing, taxes, land use, and transportation
- Tax structure does not allow local government to make \$ on housing new residents
- CA 38th in nation tax burden
- Disincentive to build housing because of tax structure
- Massive population increase
 - Internal growth
- Need to accommodate this growth
- Spatial mismatch between jobs and housing
- Jobs and housing land patterns over time develop closer together ("jobs-housing osmosis")

What Can the State can Do?

- Reorganize tax/revenue system
- Recognize that state does not have all solutions
 - Partnerships with private and local governments and environmental organizations
- Forward-looking community engagement
- Diversity state leadership
- Be more pro-active, not reactive
- Revenues must be raised and costs cut fairly and efficiently
- Figure out most cost-effective ways to address infrastructure
- Promote incentives for development that is accessible to alternative transportation
 - Transit
 - Walk
 - Bike

- Take steps to increase supply of housing in California
- Reward jurisdictions who build housing via tax structure

YELLOW TABLE

Threats

- Competition for limited resources
- Inequitable distribution of resources
- Growing economic divide
- Inefficient development patterns draining resources
- Rate of consumption increasing
- Farmland, open space, habitat loss rates increasing
- Jobs/housing imbalance
- Unfunded state mandates/lack of local government resources
- Longer commutes
- Traffic congestion
- Metropolitan fragmentation
- Lack of regional coordination
- Lack of coordination between state agencies causing inefficiencies
- State/local fiscal system broken—promotes poor land use patterns, inequities
- State-Federal conflicts, duplication, inequities
- State programs that conflict with each other
- Sprawling pattern, greater economic divide

What Can the State Do?

- State-level urban investment strategy—target investments to promote efficient/equitable development
- Prioritize assignment of resources and incentivize local government and private sector to grow the right way (mixed-use development, transit-oriented, energy-efficient development)
- Reward private land stewardship
- Provide greater subvention return to Williamson Act participants
- Eliminate fiscal incentives for retail (fiscalization of land use)

Opportunities to Grasp

- Align fiscal reform and State economic growth policies with sustainable growth policies.
- Promote reinvestment in urban areas
- State can provide model for nation in leadership—timing is right for moving agenda forward—public is ready, politics are right
- Reallocate state funds to promote sound and efficient growth concepts while protecting local control
- Promote farmland/open space conservation utilizing Federal farm bill
- Use Federal (TEA 3) funds to rebuild urban public transit

How Will the State Seize Opportunities?

- Identify resource threats of critical importance—for example, move Legacy, EPIC projects forward
- Devise strategy that provides realistic incentives for local participation.

Meeting Attendees

| | |
|---------------------|---|
| Steve Aceti | California Coastal Coalition |
| Nick Bollman | California Center for Regional Leadership |
| Patricia Campbell | Supervisor, Mendocino County |
| Sally Covington | California Works Foundation |
| Rachel Dinno | Trust for Public Land |
| Debbie Drake | The Nature Conservancy |
| Francisco Estrada | MALDEF |
| Tim Frank | Sierra Club |
| Robert Garcia | Center for Law in the Public Interest |
| Sande George | American Planning Association, California Chapter |
| Bill Geyer | Resource Landowners Coalition |
| Brent Harrington | Regional Council of Rural Counties |
| Bill Higgins | Institute for Local Self Government |
| Ted James | Kern County Planning Department |
| Tom Jones | California Futures Network |
| Kristi Kimball | Surface Transportation Policy Project |
| Julia Lave Johnston | California Research Bureau |
| Vicki Lee | Sierra Club |
| Jenny Lester | American Farmland Trust |
| Richard Lyon | California Building Industry Association |
| Jere Melo | Mayor, City of Fort Bragg |
| Dean Mischynski | California Research Bureau |
| Valerie Nera | California Chamber of Commerce |
| Michele Perrault | Sierra Club |
| Robert Phillips | PolicyLink |
| Bob Reeb | Association of California Water Agencies |
| Wayne Schell | California Association for Local Economic Development |
| Rusty Selix | California Association of Councils of Government |
| Tom Sullivan | City of Saratoga Community Development Department |
| Robert Wiener | California Coalition for Rural Housing |